

# **Senior Living Trust Fund and Hospital Trust Fund Appropriations Bill House File 2613**

*As Amended by H-8580  
Senate Amendment*

Last Action:

Senate Floor

April 9, 2002

**An Act relating to and making appropriations from the senior living trust fund to the department of elder affairs and the department of human services and making appropriations from the hospital trust fund to the department of human services and providing effective dates and providing for retroactive applicability.**



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## **LEGISLATIVE FISCAL BUREAU**

### **NOTES ON BILLS AND AMENDMENTS (NOBA)**

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**EXECUTIVE SUMMARY  
NOTES ON BILLS AND AMENDMENTS**

**HOUSE FILE 2613 AS AMENDED BY H-8580  
SENIOR LIVING & HOSPITAL TRUST FUND APPROPS**

***HOUSE FILE 2613 – FUNDING  
SUMMARY***

***SENATE AMENDMENT H-8580***

***BILL AS PASSED BY THE HOUSE***  
DEPARTMENT OF ELDER AFFAIRS

DEPARTMENT OF HUMAN  
SERVICES

MEDICAL ASSISTANCE PROGRAM  
SUPPLEMENT

NURSING FACILITY PROVIDER  
REIMBURSEMENT

HOSPITAL TRUST FUND  
APPROPRIATION TO THE DHS

INTENT LANGUAGE

- House File 2613 appropriates a total of \$58.2 million and 13.0 FTE positions from the Senior Living Trust Fund to the Department of Elder Affairs and the Department of Human Services (DHS), a decrease of \$32.6 million and no change in FTE positions compared to the FY 2002 estimated net appropriations. In addition, the Bill appropriates a total of \$12.0 million from the Hospital Trust Fund to the DHS, which is a new appropriation for FY 2003.
- *Page and line numbers refer to the location the amendment action is inserted into HF 2613.*
  - Makes technical changes to the Bill. (Page 1, Line 35 and Page 2, Line 1)
- Appropriates \$6.6 million and 8.0 FTE positions from the Senior Living Trust Fund to the Department of Elder Affairs for the Senior Living Program, an increase of \$1.2 million and no change in FTE positions compared to the FY 2002 estimated net appropriation. (Page 1, Line 8)
- Appropriates a total of \$51.7 million and 5.0 FTE positions from the Senior Living Trust Fund to the DHS, a decrease of \$33.8 million and no change in FTE positions compared to the FY 2002 estimated net appropriation. The appropriations are as follows: (Page 1, Line 15)
  - Appropriates \$21.7 million and 5.0 FTE positions to supplement the Medical Assistance Program appropriation for the Elderly Home and Community-Based Waiver and the State Supplementary Assistance Program. This is a decrease of \$19.0 million and no change in FTE positions compared to the FY 2002 estimated net appropriation. (Page 1, Line 22)
  - Appropriates \$30.0 million for nursing facility provider reimbursements based on a case-mix reimbursement methodology, an increase of \$5.2 million compared to the FY 2002 estimated net appropriation. (Page 1, Line 32)
- Appropriates a total of \$12.0 million from the Hospital Trust Fund to the DHS to supplement the Medical Assistance appropriation for FY 2003. This is a new appropriation for FY 2003. (Page 4, Line 1)
- Requires that nursing facilities be reimbursed under the Medical Assistance Program for FY 2003. (Page 1, Line 35)
- Requires that nursing facilities be reimbursed at the rate in effect on June 30, 2002. (Page 2, Line 6)

**EXECUTIVE SUMMARY  
NOTES ON BILLS AND AMENDMENTS**

**HOUSE FILE 2613 AS AMENDED BY H-8580  
SENIOR LIVING & HOSPITAL TRUST FUND APPROPS**

**INTENT LANGUAGE (CONTINUED)**

- Requires an allocation of \$3.0 million from the appropriation in Section 2.2 be used to provide nursing facilities a supplemental payment in addition to reimbursement rates. Also, requires that the supplemental payment to nursing facilities be determined by the DHS in consultation with nursing facility representatives and the vendor under contract with the Department to develop and implement the modified price-based case-mix reimbursement system. Also, specifies that the additional payment amount may be determined in accordance with 2001 Iowa Acts, Chapter 192, Section 4(2)(b), or determined on an alternative basis. (Page 2, Line 9)
- Requires the DHS to transfer the funds to supplement the Medical Assistance Program, provide reimbursement for health care services and rent expenses through the Elderly Home and Community-Based Services Waiver, and provide nursing facility provider reimbursement based on a case-mix reimbursement methodology to these appropriations within the Department. (Page 2, Line 21)
- Permits the DHS to use moneys from the Senior Living Trust Fund for cash flow purposes in order to make payments under the nursing facility or hospital upper payment limit methodology. Requires the moneys used for this purpose be refunded to the Senior Living Trust Fund during the same fiscal year. (Page 2, Line 25)
- Requires the moneys committed to contracts for conversion to assisted living programs or development of long-term care alternatives that remain unexpended at the end of FY 2003 not revert to any fund but remain available to expend for contract purposes in FY 2004. (Page 2, Line 32)
- Requires the DHS to adopt rules regarding nursing facility conversion grant applicants giving greater priority to nursing facilities that renovate existing structures versus new construction, and to encourage cooperative efforts between the Department of Inspections and Appeals, the State Fire Marshal, and grant applicants with regard to renovation projects. (Page 3, Line 4)
- Requires the Department of Elder Affairs to certify all assisted living programs established through conversion grants; requires consultation between the Department and conversion grant applicants and recipients for the purpose of establishing and monitoring occupancy agreements, and requires that assisted living residents be allowed to access third-party payors. In addition, the Department is required to allow grant recipients to revise and modify occupancy agreements to reflect the affordable rates defined in Section 249H.3, Code of Iowa, during the 10-year operating period following the conversion grant award. (Page 3, Line 18)

**EXECUTIVE SUMMARY  
NOTES ON BILLS AND AMENDMENTS**

**HOUSE FILE 2613 AS AMENDED BY H-8580  
SENIOR LIVING & HOSPITAL TRUST FUND APPROPS**

**INTENT LANGUAGE (CONTINUED)**

- Requires that conversion grants not be awarded during the remainder of FY 2002 and all of FY 2003. Also, requires that nursing facilities that have completed feasibility studies prior to April 1, 2002, be eligible for nursing facility conversion grants beginning in FY 2004. (Page 3, Line 29)
- Requires that moneys appropriated to the DHS that are committed to contracts for conversion to assisted living programs or for development of long-term care alternatives that remain unexpended at the end of FY 2002 shall not revert to any fund but remain available to expend for contract purposes during FY 2003. (Page 4, Line 9)

**EFFECTIVE DATE**

- Specifies that Section 6 of this Bill, relating to the nonreversion of nursing facility contract funds awarded in FY 2002, is effective upon enactment. (Page 4, Line 18)

**RETROACTIVE DATE**

- Specifies that Section 4, relating to the moratorium on nursing facility conversion grants, takes effect upon enactment, and is retroactively applicable to April 1, 2002. (Page 4, Line 21)

1 1 Section 1. DEPARTMENT OF ELDER AFFAIRS APPROPRIATION --  
 1 2 SENIOR LIVING TRUST FUND. There is appropriated from the  
 1 3 senior living trust fund created in section 249H.4 to the  
 1 4 department of elder affairs for the fiscal year beginning July  
 1 5 1, 2002, and ending June 30, 2003, the following amount, or so  
 1 6 much thereof as is necessary, to be used for the purpose  
 1 7 designated:

Appropriates from the Senior Living Trust Fund to the Department of Elder Affairs for the purposes designated in FY 2003.

1 8 For the development and implementation of a comprehensive  
 1 9 senior living program, including program administration and  
 1 10 costs associated with implementation, salaries, support,  
 1 11 maintenance, and miscellaneous purposes and for not more than  
 1 12 the following full-time equivalent positions:  
 1 13 ..... \$ 6,553,967  
 1 14 ..... FTEs 8.00

Senior Living Trust Fund appropriation to the Department of Elder Affairs for the Senior Living Program.

DETAIL: This is an increase of \$1,214,623 and no change in FTE positions compared to the FY 2002 estimated net appropriation.

1 15 Sec. 2. DEPARTMENT OF HUMAN SERVICES APPROPRIATION --  
 1 16 SENIOR LIVING TRUST FUND. There is appropriated from the  
 1 17 senior living trust fund created in section 249H.4 to the  
 1 18 department of human services for the fiscal year beginning  
 1 19 July 1, 2002, and ending June 30, 2003, the following amounts,  
 1 20 or so much thereof as is necessary, to be used for the  
 1 21 purposes designated:

Appropriates from the Senior Living Trust Fund to the Department of Human Services for the purposes designated in FY 2003.

1 22 1. To supplement the medical assistance appropriation and  
 1 23 to provide reimbursement for health care services and rent  
 1 24 expenses to eligible persons through the home and community-  
 1 25 based services waiver and the state supplementary assistance  
 1 26 program, including program administration and data system  
 1 27 costs associated with implementation, salaries, support,  
 1 28 maintenance, and miscellaneous purposes and for not more than  
 1 29 the following full-time equivalent positions:  
 1 30 ..... \$ 21,733,406  
 1 31 ..... FTEs 5.00

Senior Living Trust Fund appropriation to the DHS to supplement the Medical Assistance appropriation and provide reimbursement for health care services and rent expenses through the Elderly Home and Community-Based Waiver and the State Supplementary Assistance Program.

DETAIL: This is a decrease of \$19,000,000 and no change in FTE positions compared to the FY 2002 estimated net appropriation. The decrease is due to a supplementary appropriation provided from the Senior Living Trust to Medicaid in FY 2002. House File 2245 (FY 2002 Medical Assistance Program Supplemental Act) provided a \$39,000,000 supplemental appropriation to the Medical Assistance

Program (Medicaid) from the Senior Living Trust Fund. The original appropriation in HF 740 (FY 2002 Senior Living Trust Fund Appropriations Act) was \$1,733,406.

1 32 2. To implement nursing facility provider reimbursements  
1 33 as provided in this subsection:  
1 34 ..... \$ 29,950,000

Senior Living Trust Fund appropriation to the DHS to implement nursing facility provider reimbursement increases based on case-mix reimbursement methodology.

DETAIL: This is an increase of \$5,200,000 compared to the FY 2002 estimated net appropriation.

1 35 a. Notwithstanding the provision in 2001 Iowa Acts, Senate  
2 1 File 2326, relating to the reimbursement rate for nursing  
2 2 facilities under the medical assistance program, for the  
2 3 fiscal year beginning July 1, 2002, nursing facilities shall  
2 4 instead be reimbursed under the medical assistance program in  
2 5 accordance with this subsection.

CODE: Requires that, notwithstanding the provision relating to reimbursement rates for nursing facilities under the Medical Assistance Program in 2001 Iowa Acts, Senate File 2326 (FY 2003 Omnibus Appropriations Bill), nursing facilities are required to be reimbursed under the Medical Assistance Program for FY 2003.

**\*H-8580**

\* 1 1 Amend House File 2613, as amended, passed, and  
\* 1 2 reprinted by the House, as follows:  
\* 1 3 #1. Page 1, line 35, by striking the figure "2001"  
\* 1 4 and inserting the following: "2002".  
\* 1 5 #2. Page 2, line 1, by inserting after the figure  
\* 1 6 "2326," and following: "if enacted,".

**SENATE AMENDMENT:**

Technical correction.

2 6 b. Notwithstanding 2001 Iowa Acts, chapter 192, section 4,  
2 7 subsection 2, paragraph "b", nursing facilities shall be  
2 8 reimbursed at the rate in effect on June 30, 2002.

CODE: Requires that, notwithstanding 2001 Iowa Acts, Chapter 192, Section 4(2)(b), nursing facilities are required to be reimbursed at the rate in effect on June 30, 2002.

2 9 c. Of the moneys appropriated in this subsection,  
2 10 \$3,000,000 shall be used to provide nursing facilities a  
2 11 supplemental payment, in addition to the reimbursement rate

Requires an allocation of \$3,000,000 from the appropriation in this subsection be used to provide nursing facilities a supplemental payment in addition to reimbursement rates provided in paragraph "b." Requires that the supplemental payment to nursing facilities be

2 12 provided under paragraph "b". The supplemental payment to  
 2 13 nursing facilities shall be determined by the department of  
 2 14 human services, in consultation with representatives of  
 2 15 nursing facilities and the vendor under contract with the  
 2 16 department to develop and implement the modified price-based  
 2 17 case-mix reimbursement system. The additional payment amount  
 2 18 may be determined in accordance with 2001 Iowa Acts, chapter  
 2 19 192, section 4, subsection 2, paragraph "b", or may be  
 2 20 determined on an alternative basis.

determined by the DHS in consultation with nursing facility  
 representatives and the vendor under contract with the Department to  
 develop and implement the modified price-based case-mix  
 reimbursement system. Specifies that the additional payment amount  
 may be determined in accordance with 2001 Iowa Acts, Chapter 192,  
 Section 4(2)(b), or determined on an alternative basis.

2 21 d. In order to carry out the purposes of this subsection,  
 2 22 the department shall transfer funds appropriated in this  
 2 23 section to supplement other appropriations to the department  
 2 24 of human services.

Requires the DHS transfer funds to supplement other related  
 appropriations to carry out the purposes of this Subsection.

2 25 3. Notwithstanding sections 249H.4 and 249H.5, the  
 2 26 department of human services may use moneys from the senior  
 2 27 living trust fund for cash flow purposes to make payments  
 2 28 under the nursing facility or hospital upper payment limit  
 2 29 methodology. The amount of any moneys so used shall be  
 2 30 refunded to the senior living trust fund within the same  
 2 31 fiscal year and in a prompt manner.

CODE: Specifies that, notwithstanding Sections 249H.4 and 249H.5,  
Code of Iowa, the DHS may use moneys from the Senior Living Trust  
 Fund for cash flow purposes to make payments under the facility or  
 hospital upper payment limit methodology. Requires that the moneys  
 used be refunded to the Senior Living Trust Fund during the same  
 fiscal year.

2 32 4. Notwithstanding section 8.33, moneys committed to  
 2 33 grantees under contract to provide for conversion to assisted  
 2 34 living programs or for development of long-term care  
 2 35 alternatives that remain unexpended at the close of the fiscal  
 3 1 year shall not revert to any fund but shall remain available  
 3 2 for expenditure for purposes of the contract during the  
 3 3 succeeding fiscal year.

CODE: Requires that, notwithstanding Section 8.33, Code of Iowa,  
 moneys committed to contracts for conversion to assisted living  
 programs or for development of long-term care alternatives that  
 remain unexpended at the end of FY 2003 shall not revert to any fund  
 but remain available to expend for contract purposes in FY 2004.

3 4 Sec. 3. CONVERSION GRANT PROJECTS -- RULES -- INTENT.  
 3 5 1. The department of human services shall adopt rules that  
 3 6 provide that beginning with applications for conversion grants

Requires the DHS to adopt rules regarding nursing facility conversion  
 grant applications, giving greater weight to nursing facilities that  
 renovate existing structures versus new construction, and to  
 encourage cooperative efforts between the Department of Inspections

3 7 received on or after July 1, 2002, the department shall give  
 3 8 greater weight in the scoring methodology to nursing facility  
 3 9 conversion projects that are primarily for the renovation and  
 3 10 remodeling of the existing nursing facility structure and give  
 3 11 less weight to conversion projects that are primarily for new  
 3 12 construction. The department of human services shall  
 3 13 encourage cooperative efforts between the department of  
 3 14 inspections and appeals, the state fire marshal, and the grant  
 3 15 applicant to promote the acceptance of nursing facility  
 3 16 conversion projects that are primarily renovation and  
 3 17 remodeling of the existing nursing facility structure.

and Appeals, the State Fire Marshal, and grant applicants with regard to renovation projects.

3 18 2. The department of elder affairs shall certify all  
 3 19 assisted living programs established through nursing facility  
 3 20 conversion grants. The department of elder affairs shall  
 3 21 consult with conversion grant applicants and recipients to  
 3 22 establish and monitor occupancy agreements and assisted living  
 3 23 program residents shall be allowed access to third-party  
 3 24 payors. The department of elder affairs shall allow grant  
 3 25 recipients to revise and modify occupancy agreements to  
 3 26 reflect rates that are affordable, as defined in section  
 3 27 249H.3, during the ten-year period of operation following the  
 3 28 awarding of the grant by the department of human services.

Requires the Department of Elder Affairs to certify all assisted living programs established through conversion grants, requires consultation between the Department and conversion grant applicants and recipients for the purpose of establishing and monitoring occupancy agreements, and requires that assisted living residents be allowed to access third-party payors. Also, requires the Department to allow grant recipients to revise and modify occupancy agreements to reflect the affordable rates defined in Section 249H.3, Code of Iowa, during the 10-year operating period following the conversion grant award.

3 29 Sec. 4. NURSING FACILITY CONVERSION GRANTS -- MORATORIUM.  
 3 30 Nursing facility conversion grants as described in section  
 3 31 249H.6 shall not be awarded during the period beginning April  
 3 32 1, 2002, and ending June 30, 2003. A nursing facility that  
 3 33 has completed a feasibility study prior to April 1, 2002,  
 3 34 shall be eligible for a nursing facility conversion grant  
 3 35 beginning July 1, 2003.

Requires that conversion grants, defined by Section 249H.6, Code of Iowa, not be awarded during the remainder of FY 2002 and all of FY 2003. Also, requires that nursing facilities that have completed feasibility studies prior to April 1, 2002, be eligible for nursing facility conversion grants beginning in FY 2004.

4 1 Sec. 5. DEPARTMENT OF HUMAN SERVICES APPROPRIATION --  
 4 2 HOSPITAL TRUST FUND. There is appropriated from the hospital  
 4 3 trust fund created in section 249I.4 to the department of

Hospital Trust Fund appropriation to the DHS to supplement the Medical Assistance Program appropriation in FY 2003.

DETAIL: This is a new appropriation for FY 2003.



4 4 human services for the fiscal year beginning July 1, 2002, and  
4 5 ending June 30, 2003, the following amount, or so much thereof  
4 6 as is necessary, to be used for the purpose designated:  
4 7 To supplement the medical assistance appropriation:  
4 8 ..... \$ 12,000,000

4 9 Sec. 6. 2001 Iowa Acts, chapter 192, section 2, subsection  
4 10 1, is amended by adding the following new unnumbered  
4 11 paragraph:  
4 12 NEW UNNUMBERED PARAGRAPH. Notwithstanding section 8.33,  
4 13 moneys committed to grantees under contract pursuant to this  
4 14 subsection that remain unexpended at the close of the fiscal  
4 15 year shall not revert to any fund but shall remain available  
4 16 for purposes of the contract during the succeeding fiscal  
4 17 year.

CODE: Requires that, notwithstanding Section 8.33, Code of Iowa, moneys appropriated to the DHS that are committed to contracts for conversion to assisted living programs or for development of long-term care alternatives that remain unexpended at the end of FY 2002 shall not revert to any fund but remain available to expend for contract purposes during FY 2003.

4 18 Sec. 7. EFFECTIVE DATE. Section 6 of this Act amending  
4 19 2001 Iowa Acts, chapter 192, being deemed of immediate  
4 20 importance, takes effect upon enactment.

Specifies that Section 6 of this Bill, relating to the nonreversion of nursing facility contract funds awarded in FY 2002, is effective upon enactment.

4 21 Sec. 8. EFFECTIVE DATE RETROACTIVE APPLICABILITY. Section  
4 22 4 of this Act, relating to a nursing facility conversion  
4 23 grants moratorium, being deemed of immediate importance, takes  
4 24 effect upon enactment, and is retroactively applicable to  
4 25 April 1, 2002.

Specifies that Section 4, relating to the moratorium on nursing facility conversion grants, takes effect upon enactment, and is retroactively applicable to April 1, 2002.

4 26 HF 2613  
4 27 pf/es/25

# Summary Data

## Non General Fund

H.F. 2613 Amended by H-8580	Actual FY 2001	Estimated Net FY 2002	House Action FY 2003	Senate Action FY 2003	Senate Action vs House Act	Page & Line Number
	(1)	(2)	(3)	(4)	(5)	(6)
Health and Human Rights	\$ 4,188,123	\$ 5,339,344	\$ 6,553,967	\$ 6,553,967	\$ 0	
Human Services	\$ 39,990,034	\$ 85,483,406	\$ 63,683,406	\$ 63,683,406	\$ 0	
Grand Total	\$ 44,178,157	\$ 90,822,750	\$ 70,237,373	\$ 70,237,373	\$ 0	

# Health and Human Rights

## Non General Fund

H.F. 2613 Amended by H-8580	Actual FY 2001	Estimated Net FY 2002	House Action FY 2003	Senate Action FY 2003	Senate Action vs House Act	Page & Line Number
	(1)	(2)	(3)	(4)	(5)	(6)
<u>Elder Affairs, Department of</u>						
Aging Programs-SLTF	\$ 4,188,123	\$ 5,339,344	\$ 6,553,967	\$ 6,553,967	\$ 0	PG 1 LN 8
Grand Total	<u>\$ 4,188,123</u>	<u>\$ 5,339,344</u>	<u>\$ 6,553,967</u>	<u>\$ 6,553,967</u>	<u>\$ 0</u>	

# Human Services

## Non General Fund

H.F. 2613 Amended by H-8580	Actual FY 2001	Estimated Net FY 2002	House Action FY 2003	Senate Action FY 2003	Senate Action vs House Act	Page & Line Number
	(1)	(2)	(3)	(4)	(5)	(6)
<b><u>Human Services, Department of</u></b>						
<b>Medical Services</b>						
LTC Provider Rate Changes-SLTF	\$ 17,750,000	\$ 24,750,000	\$ 29,950,000	\$ 29,950,000	\$ 0	PG 1 LN 32
Nurse Facility Conv. Grnts-SLT	20,000,000	20,000,000			0	
LTC Alternative Services-SLTF	2,240,034	40,733,406	21,733,406	21,733,406	0	PG 1 LN 22
<b>Total Medical Services</b>	39,990,034	85,483,406	51,683,406	51,683,406	0	
<b>Hospital Trust Fund</b>						
Hospital Trust Fund			12,000,000	12,000,000	0	PG 4 LN 1
<b>Total Human Services</b>	<u>\$ 39,990,034</u>	<u>\$ 85,483,406</u>	<u>\$ 63,683,406</u>	<u>\$ 63,683,406</u>	<u>\$ 0</u>	

# Summary Data

## FTE

H.F. 2613 Amended by H-8580	Actual FY 2001	Estimated Net FY 2002	House Action FY 2003	Senate Action FY 2003	Senate Action vs House Act	Page & Line Number
	(1)	(2)	(3)	(4)	(5)	(6)
Health and Human Rights	7.00	8.00	8.00	8.00	0.00	
Human Services	5.00	5.00	5.00	5.00	0.00	
Grand Total	12.00	13.00	13.00	13.00	0.00	

# Health and Human Rights

## FTE

H.F. 2613 Amended by H-8580

**Elder Affairs, Department of**

Aging Programs - SLTF

Grand Total

Actual FY 2001	Estimated Net FY 2002	House Action FY 2003	Senate Action FY 2003	Senate Action vs House Act	Page & Line Number
(1)	(2)	(3)	(4)	(5)	(6)
7.00	8.00	8.00	8.00	0.00	PG 1 LN 8
7.00	8.00	8.00	8.00	0.00	

# Human Services

## FTE

H.F. 2613 Amended by H-8580	Actual FY 2001	Estimated Net FY 2002	House Action FY 2003	Senate Action FY 2003	Senate Action vs House Act	Page & Line Number
	(1)	(2)	(3)	(4)	(5)	(6)
<u>Human Services, Department of</u>						
LTC Alternative Services-SLTF	5.00	5.00	5.00	5.00	0.00	PG 1 LN 22
Grand Total	5.00	5.00	5.00	5.00	0.00	